

EX PARTE OR LATE FILED

**GUAM/CNMI
WORKING GROUP**

April 15, 1997

RECEIVED

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Federal Communications Commission
Office of Secretary

BY MESSENGER

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: CC Dkt. No. 96-61; Notice of Ex Parte Meeting

Dear Mr. Caton:

On April 10, 1997, the Guam/CNMI Working Group on Rate Integration met to discuss the implementation of Section 254(g) of the Telecommunications Act of 1996, which will result in the rate integration of Guam and the Commonwealth of the Northern Mariana Islands ("CNMI"). Present at the meetings were Patrick Donovan and Neil Fried of the FCC's Competitive Pricing Division. The other meeting participants are listed in the attached Appendix A. In addition, the minutes of the Working Group meeting are included as Appendix B, and the Proposed Agenda circulated prior to and at the meeting is included as Appendix C. No formal actions or resolutions were adopted on April 10, 1997 by the Working Group.

Questions regarding the foregoing should be directed either to local counsel for the CNMI, Thomas K. Crowe, Esq., at (202) 973-2890, or Robert F. Kelley, Advisor to the Governor of Guam, at (202) 624-3670.

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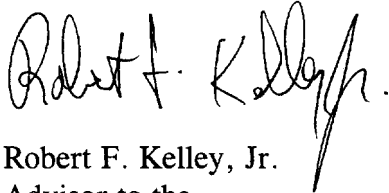
Mr. William A. Caton

April 15, 1997

Page 2

This ex parte notice is being filed in the Office of the Secretary on April 15, 1997, and should be included in the public record.

Respectfully submitted,



Robert F. Kelley, Jr.

Advisor to the

Governor for Telecommunications
and Technology

GUAM LIAISON OFFICE

444 North Capitol Street

Suite 532

Washington, D.C. 20001



Dave Ecret

Special Assistant for

Telecommunications and Utilities

OFFICE OF THE GOVERNOR

Commonwealth of the Northern

Mariana Islands

Caller Box 10007, Capitol Hill

Saipan, MP 96950

cc: All Commissioners
Patrick Donovan, FCC
Neil Fried, FCC
Working Group Participants

Enclosures

APPENDIX A

GUAM/CNMI WORKING GROUP

MEETING ATTENDANCE LIST APRIL 10, 1997

<u>NAME</u>	<u>ORGANIZATION</u>	<u>PHONE</u>	<u>FAX</u>
James Stoke	AT&T	908-221-7005	908-221-4395
Larry Sampson	NECA	201-884-8391	201-884-8508
Neil Fried	FCC	202-418-1865	202-418-1567
Patrick Donovan	FCC	202-418-2756	202-418-1567
Missy Dideich	CNMI	202-973-2890	202-973-2891
Dave Ecret	CNMI	670-664-2206	670-664-2211
Tom Crowe	CNMI	202-973-2890	202-973-2891
Evie Wolfson	MCI	202-887-2718	202-887-3175
Phuong Pham	IT&E	202-887-4568	202-887-4288
Kent Nakamura	Sprint	202-828-7402	202-857-1792
Robert Kelley	Guam	202-624-3699	202-624-3698
Frank Torres	Guam	202-624-3970	202-624-3679
Gordon Maxson	MTC	202-463-5291	202-463-5239
Jim Madan	PUC	203-431-0231	203-438-8420
Ronnie Ahern	GTA	202-457-5321	202-457-5355
Randall Slocum	MCI	703-418-7742	703-415-6900
Eric Fishman	PCI	703-812-0400	703-812-0486

APPENDIX B

GUAM/CNMI RATE INTEGRATION WORKING GROUP

THURSDAY, APRIL 10, 1997

9:00 A.M.

HALL OF THE STATES

444 NORTH CAPITOL ST., N.W.

WASHINGTON, D.C. 20001

CONFERENCE ROOM NO. 235

I. CALL TO ORDER

THE GUAM/CNMI RATE INTEGRATION WORKING GROUP WAS CALLED TO ORDER BY THE GROUPS CO-CHAIRS, MR. ROBERT KELLEY, ADVISOR TO THE GOVERNOR OF GUAM AND MR. DAVE ECRET, SPECIAL ASSISTANT TO THE CNMI GOVERNOR, ON THURSDAY, APRIL 10, 1997 AT 9:15 A.M. IN CONFERENCE ROOM NO. 235, HALL OF THE STATES, WASHINGTON, D.C.

II. WELCOME

MR. DAVE ECRET WELCOMED MR. PATRICK DONOVAN, AND MR. NEIL FRIED FROM THE FEDERAL COMMUNICATIONS COMMISSION (FCC) AND ALL PARTICIPANTS PRESENT ATTENDING THE GUAM/CNMI RATE INTEGRATION WORKING GROUP MEETING.

III. INTRODUCTION OF REPRESENTATIVES AND ATTENDEES

MR. JAMES STOKES, AT&T

MR. LARRY SAMPSON, NECA

MR. NEIL FRIED, FCC

MR. PATRICK DONOVAN, FCC

MR. DAVE ECRET, REPRESENTATIVE, CNMI GOVERNOR'S OFFICE

MR. THOMAS CROWE, COUNSEL FOR CNMI GOVERNOR'S OFFICE

MS. EVIE WOLFSON, SENIOR STAFF MEMBER, MCI

MR. PHUONG PHAM, COUNSEL, IT & E

MR. KENT NAKAMURA, COUNSEL, SPRINT

MR. ROBERT KELLEY, ADVISOR TO GOVERNOR OF GUAM

MR. FRANK TORRES, GUAM LIAISON'S OFFICE

MR. GORDON MAXSON, DIRECTOR, REGULATORY AFFAIRS, GTE

MR. JIM MADAN, GEORGETOWN CONSULTING, PUBLIC UTILITIES
COMMISSION

MS. VERONICA AHERN, COUNSEL TO GUAM TELEPHONE AUTHORITY

MR. RANDALL SLOCUM, MCI

MR. ERIC FISHMAN, COUNSEL, PCI

MS. MISSY DIDUCH, RECORDING SECRETARY

IV. DISCUSSION ON ISSUES AND POSSIBLE CLOSURE ON ISSUES

1. NANP ENTRY: A LETTER TO THE CNMI FROM BELLCORE WAS DISTRIBUTED TO THE PARTICIPANTS STATING THAT AT 12:01 AM (ST) ON TUESDAY, JULY 1, 1997, THE CNMI WILL BE INCORPORATED INTO THE NORTH AMERICAN NUMBERING PLAN (NANP). THIS WILL BE THE START OF A 12 MONTH PERMISSIVE DIALING PERIOD WHERE CALLS FROM THE U.S. TO THE CNMI CAN BE PLACED BY DIALING EITHER 011+670+7-DIGITS OR 1+670+7-DIGITS.

THE ISSUE OF HOW THE CARRIERS WERE GOING TO HANDLE INFORMING AND EDUCATING THEIR CUSTOMERS ON THE NEW AREA CODES FOR GUAM AND THE CNMI WAS DISCUSSED.

MR. STOKES SAID AT&T WOULD BE SENDING OUT LITERATURE TO ITS CUSTOMERS AND WOULD ALSO USE A RECORDED MESSAGE. MCI AND SPRINT WILL HANDLE THE SITUATION IN A MANNER SIMILAR TO AT&T.

ANOTHER AREA DISCUSSED WAS IN REGARDS TO TOLL FREE CALLS FROM THE CNMI/GUAM. DAVE ECRET SAID THAT RIGHT NOW, PEOPLE IN THE CNMI HAVE TO PAY A CHARGE TO PLACE MOST 800 CALLS, DIALED IN THE "PAID ACCESS" 880 FORMAT. TOM CROWE STATED THE CNMI WANTS THE CALLS TO BE TRULY TOLL FREE, I.E., NOT INVOLVE ANY "PAID ACCESS" CHARGE.

DAVE ECRET REPORTED THAT THE INDUSTRY NUMBERING COMMITTEE (INC), AT ITS MOST RECENT MEETING, APPROVED THE CNMI'S PROPOSAL TO

ALLOW FOR THE CONTINUATION OF 880 "PAID ACCESS" CALLS DURING THE ONE-YEAR PERMISSIVE DIALING PERIOD.

PATRICK DONOVAN NOTED 1-800 SERVICE WAS NOT MENTIONED IN ANY OF THE PRELIMINARY PLANS SUBMITTED TO THE FCC ON FEBRUARY 1ST.

ALL CARRIERS PRESENT SEEMED TO AGREE THAT THEY WOULD AUTOMATICALLY INCLUDE THE CNMI/GUAM IN THEIR NATIONWIDE 800 SERVICE COVERAGE STARTING JULY 1ST. IF AN 800 SUBSCRIBER DOES NOT WANT THE CNMI/GUAM INCLUDED IN ITS 1-800 SERVICE, THE SUBSCRIBER WILL NOTIFY THE CARRIER THAT IT WISHES TO EXCLUDE COVERAGE FOR THESE POINTS.

GORDON MAXSON REPORTED THAT GTE IS CURRENTLY WORKING ON OFFERING ISDN LINES TO THE CNMI. HE ALSO MENTIONED THAT GTE WILL BE ABLE TO START 1-800 SERVICE FROM PAYPHONES AS WELL AS ALL OTHER PHONES IN THE CNMI/GUAM BEGINNING JULY 1, 1997. ACCORDING TO MR. MAXSON, GTE WILL SEARCH ITS NATIONWIDE 800 DATABASE FOR SUBSCRIBERS RECEIVING 800 SERVICE COVERAGE FOR THE ENTIRE U.S. AND ATTEMPT TO AUTOMATICALLY EXPAND THAT COVERAGE TO INCLUDE GUAM AND THE CNMI.

2. PRELIMINARY RATE INTEGRATION PLANS: DAVE ECRET NOTED THAT FILINGS HAD NOT BEEN RECEIVED FROM AT&T AND PCI. BOTH OF THESE CARRIERS INDICATED THAT FILINGS HAD BEEN SUBMITTED. GENERAL CONFUSION SEEMED TO PREVAIL AS AN EFFORT WAS MADE TO IDENTIFY, COLLECT AND CIRCULATE ALL OF THE FILINGS WHICH WERE SUBMITTED. A COPY OF ALL THE PRELIMINARY RATE INTEGRATION PLANS WERE DISTRIBUTED TO ALL PARTICIPANTS. THE PRELIMINARY PLANS, DUE AT THE FCC BY FEBRUARY 1, 1997, WERE SUBMITTED BY: AT&T, GTE, MCI, SPRINT, PCI, AND IT&E.

3. OPTIONAL CALLING PLANS: DISCUSSION FOCUSED UPON WHETHER THE OPTIONAL CALLING PLANS OFFERED TO GUAM/CNMI RATEPAYERS COULD DIFFER FROM THOSE OFFERED TO MAINLAND CUSTOMERS.

MR. STOKES INDICATED THAT PROMOTIONAL PRICES COULD BE OFFERED FOR A MAXIMUM OF 90 DAYS UNDER THE ORDER. PROMOTIONAL PRICES COULD BE OFFERED TO ONLY A SELECT GROUP AS LONG AS THEY WEREN'T IN EFFECT FOR MORE THAN 90 DAYS.

BOB KELLEY CONTENDED THAT IT WOULD BE DISCRIMINATORY IF GUAM AND THE CNMI WERE NOT OFFERED PROMOTIONAL RATES IDENTICAL TO MAINLAND PROMOTIONAL RATES.

RONNIE AHERN STATED IT HAD ALWAYS BEEN THE POSITION OF THE GTA THAT LONG DISTANCE COMPANIES COULD OFFER PROMOTIONAL RATES TO A SELECT GROUP, AS LONG AS GUAM WAS NOT BEING DISCRIMINATED AGAINST BY THOSE PROMOTIONAL RATES.

NEIL FRIED SAID THE FCC LEFT ROOM IN THE ORDER TO ALLOW THE FCC TO STEP IN IF IT THOUGHT THE PROMOTIONAL RATES CLAUSE WAS BEING ABUSED BY TELEPHONE COMPANIES TO DISCRIMINATE AGAINST THE CNMI/GUAM.

4. STATUS OF GUAM/CNMI FIBER OPTIC CABLES: GORDON MAXSON REPORTED THAT FIBER OPTIC CABLE BETWEEN THE CNMI AND GUAM WAS BEING DELAYED BY A BUSINESS LICENSE APPLICATION THAT WAS SUBMITTED TO THE GUAM GOVERNOR'S OFFICE ABOUT 2 MONTHS AGO.

BOB KELLEY RESPONDED THAT THE BUSINESS LICENSE IS NOT NECESSARY FOR GTE TO BEGIN OPERATION OF THE FIBER OPTIC CABLE. ACCORDING TO MR. KELLEY, THE BUSINESS LICENSE IS ONLY NEEDED FOR THE TRAFFIC THAT WILL BE ORIGINATED IN GUAM, NOT THE CNMI. BOB KELLEY INDICATED THAT THE ONLY THING HOLDING UP THE SIGNING OF THE LICENSE IS ADMINISTRATIVE PROCEDURES.

BOB KELLEY AND GORDON MAXSON BOTH AGREED TO MEET ON THURSDAY, APRIL 10, 1997, FOLLOWING THE CNMI/GUAM RATE INTEGRATION MEETING, TO DISCUSS THE ISSUE FURTHER.

5. RATE INTEGRATION OF GUAM/CNMI TRAFFIC, INCLUDING LEASED CHANNEL CIRCUITS: DISCUSSION FOCUSED ON THE HIGH LEVEL OF ACCESS CHARGES, PARTICULARLY MTC'S ACCESS CHARGES WHICH ARE GENERALLY MORE THAN DOUBLE THOSE OF NECA'S RATES. KENT NAKAMURA OBSERVED THAT DUE TO HIGH ACCESS COSTS, SPRINT MAY NOT BE ABLE TO PROVIDE SERVICES AT RATE INTEGRATED RATES BETWEEN THE CNMI AND GUAM.

DISCUSSION THEN TURNED TO WHETHER MORE AFFORDABLE SERVICE COULD BE PROVIDED BY TREATING GUAM/CNMI AS A SINGLE CALLING AREA. FOR EXAMPLE, IT MAY BE POSSIBLE TO SERVE CNMI CUSTOMERS VIA AN EAS ARRANGEMENT OR SIMILAR ARRANGEMENT TO AVOID HIGH CNMI ACCESS

COSTS. IT WAS SUGGESTED THAT THE GUAM GOVERNOR'S OFFICE, GTA AND GTE EXPLORE THIS POSSIBILITY.

NEIL FRIED OBSERVED IF A SERVICE IS PROVIDED TO ALL OTHER AREAS THEN IT WILL HAVE TO BE INTEGRATED TO INCLUDE THE CNMI/GUAM, BUT IF A SERVICE IS PROVIDED ONLY IN CERTAIN AREAS, THEN THE COMPANY IS NOT REQUIRED TO OFFER THE SERVICE TO GUAM/CNMI.

DAVE ECRET EXPRESSED CONCERN THAT THE CNMI WILL NOT HAVE ANY COMPETITION FOR PRIVATE LINES AND THIS WILL DRIVE COSTS UP. HE WANTS ASSURANCE THAT CARRIERS WILL COME IN TO PROVIDE COMPETITION. RONNIE AHERN SAID THERE IS NO WAY THE CARRIERS CAN BE FORCED TO PROVIDE PRIVATE LINE SERVICE IN THE CNMI/GUAM, BUT SHE THINKS THAT IF THE PRICES ARE AS HIGH AS DAVE SAYS, THE MARKET ITSELF WILL PROMOTE COMPETITION.

6. TREATMENT OF "PERMISSIVE DIALED" 011 CALLS AFTER AUGUST 1, 1997: BOB KELLEY STATED THAT OUTBOUND FROM GUAM IT WILL NOT BE POSSIBLE TO DIAL 011+670+7-DIGITS, BUT HE WANTED TO KNOW HOW THE CARRIERS WOULD HANDLE PERMISSIVE DIALING.

JAMES STOKES SAID AT&T WILL NOT ALLOW PERMISSIVE 011 DIALING FROM THE MAINLAND TO GUAM OR THE CNMI AFTER JULY 1ST (IN OTHER WORDS, ALL CALLS WOULD BE 1+ CALLS). WHAT AT&T WILL DO INSTEAD IS SEND INFORMATIONAL LITERATURE TO THEIR CUSTOMERS AND ALSO USE A RECORDED MESSAGE.

RANDALL SLOCUM, MCI, SAID THEY WOULD ALSO PROBABLY USE THE RECORDED MESSAGE TECHNIQUE FOR CALLS USING THE 011+. THEY WILL HANDLE THIS THE SAME WAY THEY HANDLE CHANGES OF COUNTRY CODES THROUGHOUT THE WORLD.

KENT NAKAMURA, SAID SPRINT WILL ALLOW PERMISSIVE DIALING OF 011+ FROM THE MAINLAND FOR 1 YEAR.

7. RATE INTEGRATION OF COMSAT TRAFFIC: THE PARTIES DISCUSSED THE ISSUE OF WHETHER THE FCC'S RATE INTEGRATION RULES REQUIRED COMSAT TO INTEGRATE ITS RATES WITH DOMESTIC RATES. THE PARTIES NOTED THAT COMSAT WAS INVITED TO THE MEETING, BUT DID NOT SEND A REPRESENTATIVE.

IT WAS NOTED THAT MANY CARRIERS SERVING THE CNMI/GUAM UTILIZE COMSAT SERVICES. WHEN IXC'S ARE REQUIRED TO RATE INTEGRATE EFFECTIVE AUGUST 1, 1997, THEIR RATES WILL OBVIOUSLY DECREASE. HOWEVER, COMSAT'S UNDERLYING RATES CHARGED TO THE CARRIERS WILL NOT, UNLESS COMSAT TOO IS SUBJECT TO RATE INTEGRATION. THERE WAS DISCUSSION OF THE NEED FOR A POSSIBLE UNIVERSAL SERVICE SUBSIDY FOR THE CARRIERS IN LIGHT OF THIS.

GORDON MAXSON RAISED THE DILEMMA POSED BY COMSAT CONTRACT TERMS, NOTING THAT IF MORE ATTRACTIVE, LOWER-COST FACILITIES BECOME AVAILABLE (SUCH AS THE FIBER OPTIC CABLE), CARRIERS MAY NONETHELESS REMAIN LOCKED INTO COMSAT CONTRACTS. HE SUGGESTED A "FRESH LOOK" OPPORTUNITY BE GIVEN TO CARRIERS TO SHIFT TO MORE COST-EFFECTIVE ALTERNATIVES.

V. NEW BUSINESS

RONNIE AHERN RECOMMENDED THAT, IF NEEDED, A MEETING BE SCHEDULED IN JUNE AFTER CARRIERS FILE THEIR FINAL RATE INTEGRATION PLANS ON JUNE 1ST.

VI. ADJOURNMENT

THERE BEING NO FURTHER DISCUSSION, THE MEETING ADJOURNED AT 4:20 P.M.

Dave Ecret (Tuc)

DAVE ECRET
SPECIAL ASSISTANT TO THE
GOVERNOR FOR TELECOMMUNICATIONS
AND UTILITIES,
CNMI

SUBMITTED BY,

Robert F. Kelley, Jr. (Tuc)

ROBERT F. KELLEY, JR.
ADVISOR TO THE GOVERNOR
ON TELECOMMUNICATIONS
AND TECHNOLOGY,
GUAM

APPENDIX C

GUAM/CNMI WORKING GROUP

APRIL 10-11, 1997

9:00 AM

PROPOSED AGENDA

- I. Welcome and Opening Remarks
- II. Introduce Representatives and New Attendees
- III. Administrative Announcements
- IV. NANP Entry Update
- V. Discussion of Preliminary Rate Integration Plans Filed February 1, 1997
- VI. Optional Calling Plans
- VII. Status of Guam/CNMI Fiber Optic Cables
- VIII. Rate Integration of Guam/CNMI Traffic, Including Leased Channel Circuits
- IX. Treatment of "Permissive Dialed" 011 Calls After August 1, 1997
- X. Rate Integration of COMSAT Traffic
- XI. New Business
- XII. Adjournment

For further information, please call:

Tom Crowe; (202) 973-2890, or
Frank Torres; (202) 624-3670